

## Homicide and Legal Interventions

### Summary of Methods and Data for Estimate of Costs of Illness

- |   |                 |
|---|-----------------|
| 1. Estimated Total Economic Cost  | \$ 33.7 billion |
| Estimated Direct Cost   | \$ 10.4 billion |
| Estimated Indirect Cost   | \$ 23.3 billion |
| Reference Year  | 1989            |
| IC Providing the Estimate   | NIMH            |
|   |                 |
| Direct Costs Include: Other related nonhealth costs   | Yes             |
| Indirect Costs Include:   |                 |
| Mortality costs   | Yes             |
| Morbidity costs: Lost workdays of the patient   | Yes             |
| Morbidity costs: Reduced productivity of the patient  | Yes             |
| Lost earnings of unpaid care givers   | No              |
| Other related nonhealth costs   | Yes             |
| Interest Rate Used to Discount Out-Year Costs   | 3 %             |
| 2. Category code(s) from the International Classification of Diseases, 9th Revision, Clinical Modification, (ICD-9-CM) for all diseases whose costs are included in this estimate: <u>E960.1; E965; E968; E968.9.</u>     |                 |
| 3. Estimate Includes Costs:   |                 |
| Of related conditions beyond primary, strictly coded ICD-9-CM category  | No              |
| Attributable to the subject disease as a secondary diagnosis  | No              |
| Of conditions for which the subject disease is an underlying cause  | No              |
| 4. Population Base for Cost Estimate (Total U.S. pop or other)  | Age 12+         |
| 5. Annual (prevalence model) or Lifetime (incidence model) Cost:  | Lifetime        |
| 6. Perspective of Cost Estimate (Total society, Federal budget, or Other)   | Total Society   |
| 7. Approach to Estimation of Indirect Costs   | Human Capital   |
|   |                 |
| 8. <u>Source of Cost Estimate</u> : T.N. Miller, M.A. Cohen, and S.B. Rossman, 1993. "Victim Costs of Violent Crime and Resulting Injuries," <i>Health Affairs</i> , Winter. (Reported estimate is derived from Table 5.) |                 |
|   |                 |
| 9. <u>Other Indicators of Burden of Disease</u> : In 1991 homicide was the tenth leading cause of death measured by the death rate per 100,000 population.  |                 |

The above-referenced article also estimates the value of non-monetary losses--pain, suffering, and lost quality of life. Non-monetary costs and lost quality of life were estimated using two techniques: jury compensation and willingness to pay. The willingness-to-pay approach values human life according to what individuals would be willing to pay for a change that reduces the probability of illness or death. The monetary value of reduced quality of life is estimated to be \$145 billion in 1989, about four times more than the total direct and indirect costs estimated based on the human capital approach. Here the willingness-to-pay approach is used to complement the human-capital approach by capturing the intangible aspects (pain, suffering, etc.) of victimization. The authors combine direct, indirect, and non-monetary losses in their report, indicating that the lifetime cost of criminal victimization is \$178 billion.

#### 10. Commentary:

This estimate focuses on the lifetime costs for victims of violent crime. Crime categories include: rape, robbery, assault, arson, and murder. The estimate does not include all categories of the "Homicide and Injury Purposely Inflicted by Other Persons" section of the ICD-9 disease classification system (E960-E969).

Direct and indirect cost estimates presented were compiled by a large-scale study supported by the Department of Justice. Direct costs include costs of medical and mental health care and emergency response services, as well as insurance administration. Indirect costs include productivity loss measured by wages, fringe benefits, and value of housework. The source cited also estimates the value of pain, suffering and lost quality of life (see above).